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NOMINATION OF JAMES C. SANDERS TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

NOMINATION OF JAMES C. SANDERS TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

MARCH 9, 1982

Printed for the use of the Committee on Small Business

U.S. GOVERNMENT PRINTING OFFICE

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HEARING DATE

March 9, 1982:
Morning session 1

NOMINATION OF JAMES C. SANDERS TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

TUESDAY, MARCH 9, 1982

U.S. SENATE,
COMMITTEE ON SMALL BUSINESS,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 424, Russell Senate Office Building, Hon. Lowell Weicker, Jr. (chairman of the committee) presiding.

Present: Senators Weicker and Nunn.

Also present: R. Michael Haynes, chief counsel; Ed Zayas, minority economist; and, Dorothy C. Olson, calendar clerk.

STATEMENT OF HON. LOWELL WEICKER, JR., A U.S. SENATOR FROM THE STATE OF CONNECTICUT, AND CHAIRMAN, COMMITTEE ON SMALL BUSINESS

The CHAIRMAN. The committee convenes today to consider the nomination of James C. Sanders to be Administrator of the Small Business Administration.

Now, let me say at the outset that these are extremely hard times for small business. Money is scarce, credit is scarce, the cost of just about everything is up, and the result is that we're seeing the highest level of bankruptcies among businesses in 40 years.

So more than ever, small business needs a strong and effective advocate in this administration, someone who can bring the small business viewpoint to the fore of the policymaking process in this country. In my opinion, that advocate can and should be the Administrator the Small Business Administration so desperately needs.

Now, I'm going to include the remainder of my remarks in the record at this point, but I want to reemphasize the crucial importance of this position to millions of Americans. The reality of small business life in America is very harsh and very unfair.

I've sat on this committee for the last several years and I've heard all sorts of representations made by Democrat and Republican alike as to how these various individuals intended to speak for the small business community within their administrations, Republican and Democrat alike, and yet the advocacy job was, is, and has been left to the members of this committee. The same holds true on the House side.

I've met and talked to Jim Sanders, and I'm convinced of several things. I think that certainly on the basis of those conversations,

he has the technical and professional expertise to serve well on the job. I think that he made it clear to me that a prequisite to his taking of the job was that he could and would speak for the small business community, and when he spoke, it would be to the ears of those who counted.

So I look forward to complete hearings on this nomination, but I also look forward to getting this out of the way so he can get to work. Too much time has already gone by.

I'm sorry my friend, Michael Cardenas, is no longer the head of the administration. He was a friend and a good man, but clearly, whatever the reason for the administration's decision, the one left holding the bag is the small business community. And as to how we can affect that—I don't intend to see the nomination of the new Administrator delayed even an hour, never mind days or weeks.

So it is good to have you before us, Mr. Sanders.

I see my good friend, Norm Mineta, is with us.

[The prepared statement of Senator Weicker follows:]

STATEMENT OF
SENATOR LOWELL WEICKER JR.
ON THE NOMINATION OF
JAMES C. SANDERS
TO BE ADMINISTRATOR OF THE
SMALL BUSINESS ADMINISTRATION

GOOD MORNING. WE ARE HERE TODAY TO CONSIDER THE NOMINATION OF JAMES C. SANDERS TO BE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION.

LET ME SAY AT THE OUTSET THAT THESE ARE HARD TIMES FOR SMALL BUSINESS. MONEY IS SCARCE, CREDIT IS SCARCE, AND THE COST OF JUST ABOUT EVERYTHING IS UP. THE RESULT IS THAT WE ARE NOW SEEING BANKRUPTCIES AMONG BUSINESSES AT THEIR HIGHEST LEVEL IN 40 YEARS.

NOW MORE THAN EVER, SMALL BUSINESS NEEDS A STRONG, EFFECTIVE ADVOCATE IN THIS ADMINISTRATION; SOMEONE WHO CAN BRING THE SMALL BUSINESS VIEWPOINT TO THE FORE OF THE POLICY-MAKING PROCESS IN THIS COUNTRY. IN MY OPINION, THAT ADVOCATE CAN AND SHOULD BE THE ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION.

IT IS UNFORTUNATE THAT THE SMALL BUSINESS ADMINISTRATION HAS ALSO COME ON HARD TIMES OF LATE. SINCE LATE JANUARY, WITH BUDGET CUTS LOOMING AND THE ECONOMIC SITUATION GROWING WORSE BY THE DAY, THE AGENCY HAS GONE WITHOUT A PERMANENT ADMINISTRATOR.

THE FACT IS THAT IN THE PAST, THE AGENCY -- AND INDEED THE SMALL BUSINESS COMMUNITY WHICH IT SERVES -- HAS SIMPLY HAD A CARETAKER, WHEN WHAT IT NEEDS IS A FIGHTER.

THE JOB MR. SANDERS IS BEING ASKED TO DO IS NOT AN EASY ONE.

THE AGENCY IS IN NEED OF REFORM. THIS COMMITTEE OVER THE LAST YEAR AND A HALF HAS MADE OVERSIGHT OF SBA A TOP PRIORITY. WHILE THE COMMITTEE HAS OFTEN BEEN CRITICAL, IT HAS BEEN CONSTRUCTIVE CRITICISM.

YES, FRUSTRATION HAS BEEN EXPRESSED. BUT IT IS FRUSTRATION CAUSED BY THE REALIZATION THAT THE AGENCY'S POTENTIAL AND GOALS ARE NOT BEING REALIZED. IT IS FRUSTRATION CAUSED BY THE FACT THAT THIS AGENCY IS NEEDED NOW MORE THAN EVER -- TO ASSIST THIS VITAL SECTOR OF THE ECONOMY WHICH SYMBOLIZES THE AMERICAN EXPERIENCE.

CERTAINLY, THE CHALLENGES FOR THE NEW ADMINISTRATOR WILL BE GREAT. AFTER MEETING WITH THE NOMINEE, HOWEVER, AND REVIEWING HIS QUALIFICATIONS, I AM HOPEFUL THAT HE WILL BE ABLE TO MEET THOSE CHALLENGES.

THIS CHAIRMAN AND THIS COMMITTEE ARE COMMITTED TO SEEING THAT THE SBA LIVES UP TO ITS PROMISE; THAT IT BECOMES A STRONG, EFFECTIVE SPOKESMAN AND ADVOCATE FOR THE SMALL BUSINESS COMMUNITY. I LOOK FORWARD TO WORKING WITH MR. SANDERS TO ENSURE THAT THAT COMMITMENT FINALLY BECOMES A REALITY.

The CHAIRMAN. I have a statement from Senator Hayakawa, who would have been here to introduce you but he was unfortunately taken ill. I'm entering that statement into the record at this point.

Illness prevents him from being with us.

[The prepared statement of Senator Hayakawa follows:]

U.S. Senator S. I. Hayakawa

California

STATEMENT OF SENATOR S. I. HAYAKAWA

SENATE SMALL BUSINESS COMMITTEE

NOMINATION HEARING

JAMES C. SANDERS

MARCH 9, 1982

MR. CHAIRMAN:

THANK YOU FOR THE OPPORTUNITY TO PRESENT TO YOU AND MEMBERS OF THE COMMITTEE MR. JAMES C. SANDERS OF SAN JOSE, CALIFORNIA, THE PRESIDENT'S NOMINEE FOR THE POST OF ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION (SBA). AND I WELCOME CONGRESSMAN NORMAN MINETA, MR. SANDERS' FRIEND AND REPRESENTATIVE FROM THE 13th CONGRESSIONAL DISTRICT.

WHEN WE CONSIDER THE MANDATE CONGRESS GAVE TO THE SMALL BUSINESS ADMINISTRATION WE REALIZE THERE IS NOTHING "SMALL" ABOUT IT. THE FUNDAMENTAL PURPOSES OF SBA ARE TO:

--- AID, COUNSEL, ASSIST, AND PROTECT THE INTEREST OF SMALL BUSINESS

--- ENSURE THAT SMALL FIRMS RECEIVE A FAIR PROPORTION OF GOVERNMENT PURCHASES AND CONTRACTS, AS WELL AS SALES OF GOVERNMENT PROPERTY

92-786 O - 82 - 2

--- MAKE LOANS TO SMALL BUSINESSES, STATE AND LOCAL DEVELOPMENT COMPANIES, AND THE VICTIMS OF FLOODS OR OTHER CATASTROPHES

--- LICENSE, REGULATE, AND MAKE LOANS TO SMALL BUSINESS INVESTMENT COMPANIES

--- IMPROVE THE MANAGEMENT SKILLS OF SMALL BUSINESS OWNERS, POTENTIAL OWNERS, AND MANAGERS

--- SERVE AS THE OFFICIAL ADVOCATE FOR SMALL BUSINESS IN THE COMPLEX HALLS OF GOVERNMENT TO PRESENT THEIR NEEDS TO CONGRESS AND THE EXECUTIVE BRANCH. TOGETHER, WE FASHION THE FORTUNES OF THE SMALL BUSINESS COMMUNITY AND THE ADVOCACY ROLE IS VITALLY IMPORTANT TO THEIR WELL-BEING.

TODAY THE NEED FOR MANAGEMENT ASSISTANCE IS CRITICAL. WE ARE IN AN ERA OF BUDGET-CONTROL AND LOWERED FEDERAL EXPENDITURES IN A NECESSARY EFFORT TO IMPROVE OUR NATION'S ECONOMIC HEALTH. MEMBERS OF THE SMALL BUSINESS COMMUNITY HAVE EXPRESSED THEIR SUPPORT OF THE PRESIDENT'S EFFORT TO RESTORE SOME ECONOMIC BALANCE, BUT THEY STILL NEED ASSISTANCE IN ORDER TO TAKE PROPER ADVANTAGE OF NEW TAX LAWS, REGULATORY REFORM, PROCUREMENT OF GOVERNMENT CONTRACTS AND OTHER AREAS RELATED TO THEIR ABILITY TO STAY IN BUSINESS AND MAKE A PROFIT.

MR. SANDERS BRINGS TO THIS IMPORTANT RESPONSIBILITY A VARIED BACKGROUND OF BUSINESS AND MANAGEMENT EXPERIENCE. HE BEGAN

HIS CAREER AS AN INSURANCE BROKER IN 1950. A YEAR LATER HE CO-FOUNDED AN INSURANCE PARTNERSHIP AND BECAME PRESIDENT OF THE FIRM IN 1965. IN 1979 THE FIRM MERGED WITH CORROON AND BLACK, NATIONAL/INTERNATIONAL INSURANCE BROKERS. HE SERVED THERE AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER. IN AUGUST OF 1981, MR. SANDERS JOINED THE SMALL BUSINESS ADMINISTRATION AS ASSOCIATE ADMINISTRATOR FOR MANAGEMENT ASSISTANCE. NOW HE HAS RISEN ONCE AGAIN TO THE TOP POST IN HIS CHOSEN ENDEAVOR.

IN CONCLUSION, MR. CHAIRMAN, I WOULD LIKE TO REQUEST THAT AN UNSOLICITED LETTER OF SUPPORT FOR MR. SANDERS BE ENTERED INTO THE RECORD. IT CAME FROM MR. A. B. EWELL, JR., A PARTNER IN THE LAW FIRM OF McCORMICK, BARSTOW, SHEPPARD, COYLE & WAYTE OF FRESNO, CALIFORNIA. MR. EWELL ALSO SERVES AS CO-CHAIRMAN OF THE NATIONAL ADVISORY COUNCIL TO THE SMALL BUSINESS ADMINISTRATION. IN THIS CAPACITY HE HAS HAD THE OPPORTUNITY TO WORK WITH MR. SANDERS AND TO OBSERVE HIS MANAGEMENT CAPABILITY. MR. EWELL TOLD ME THAT MR. SANDERS IS AN EXCELLENT COMMUNICATOR AND HAS A GREAT DEAL OF RESPECT FOR THE MANY FINE PROFESSIONALS ON THE SBA STAFF. HE IS OPEN TO NEW IDEAS AND BELIEVES THAT MANAGEMENT ASSISTANCE, RATHER THAN CONTINNUALLY INCREASING FINANCIAL ASSISTANCE, WILL BE THE KEY TO THE AGENCY'S FUTURE SUCCESS.

THANK YOU, MR. CHAIRMAN.

LAW OFFICES OF
McCORMICK, BARSTOW, SHEPPARD, COYLE & WAYTE

400 GUARANTEE SAVINGS BUILDING • 1171 FULTON MALL • FRESNO, CALIFORNIA 93721 • TELEPHONE (209) 442-1180

TELEX 910-367-4134
TELECOPIER (209) 442-1772

RICHARD A. McCORMICK (1893-1981)

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ROBERT E. COYLE
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LOWELL T. CARRUTH
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DANIEL P. LYONS
DAVID H. BENT

February 23, 1982

Senator S. I. Hayakawa
Washington, D.C. 20416

Dear Senator Hayakawa:

I am writing with regard to James C. Sanders whom President Reagan has announced will be nominated as Administrator of the U.S. Small Business Administration.

I have had occasion to meet and work with Jim Sanders during my service on the Executive Committee of the National Advisory Council of the SBA.

I strongly believe that Jim will be a strong and effective leader for the Small Business Administration. I would urge you and your colleagues in the U.S. Senate to ehlp with the orderly confirmation of Jim to the position of Administrator.

My partner, Bob Coyle, sends his best to you.

Sincerely yours,

Ben Ewell

A. B. EWELL, JR.

ABE:vw

The CHAIRMAN. Norm, why don't you go ahead and carry the ball for California?

STATEMENT OF HON. NORMAN Y. MINETA, A U.S. REPRESENTATIVE FROM THE STATE OF CALIFORNIA

Representative MINETA. Thank you very much, Senator Weicker.

Mr. Chairman and members of the committee: I am here this morning with the pleasurable task of urging you to confirm the nomination of James C. Sanders to the post of Administrator of the Small Business Administration. I have known Jim for over 20 years, and I can personally speak to his competence and integrity.

After my separation from the U.S. Army following the Korean war, I joined my father in the insurance agency he founded in San Jose in 1920. As a young person trying to get ahead in the insurance business, I was totally consumed in my new work. Among other things I undertook, was to join the San Jose Association of Independent Insurance Agents where I first met Jim.

Jim had been in San Francisco with Aetna Life and Casualty Co., and came to San Jose in 1951 to establish an insurance agency in partnership with Louis B. Sullivan. Sanders & Sullivan was a very successful brokerage firm and was one of the top 100 privately owned brokers in the United States. Jim Sanders became its president in 1965 serving in that capacity until 1979.

At that point, Sanders & Sullivan merged with Corroon & Black, national and international insurance brokers, the sixth largest firm of insurance brokers in the Nation. Jim was named the chairman of the board and chief executive officer of Corroon & Black/Sanders & Sullivan in San Jose, Calif.

Jim's years in the insurance business have provided him with a basic understanding of the challenges facing small businessmen and women. The knowledge and experience he gained in the private sector is reflected in the capable leadership Jim has demonstrated in his role as the Associate Administrator for the Small Business Administration's management assistance program.

In that position, Jim was responsible for directing the agency's small business management counseling and training programs, including the Small Business Institute (SBI), Small Business Development Centers (SBC's), the Service Corps of Retired Executives and the Active Corps of Executives (SCORE/ACE) and the SBA Office of International Trade.

As an industrious and concerned Administrator, Jim has revitalized the important business education programs of the Small Business Administration. In his short tenure as an Associate Administrator, he was quickly recognized as a strong and understanding Administrator.

Jim's accomplishments are not limited to the field of business. As demonstrated by his service in the Federal Government he has also distinguished himself as a public servant. Over the years, Jim has willingly given of his time and energy to his community, State, and country.

In many respects, Jim and I have paralleled professional and civic pursuits. Though I was not as successful as Jim in the insurance business we were both active in our professional organization.

INTENTIONAL
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Jim was also on the City Council of Saratoga, Calif., a community adjoining San Jose where I was serving on the city council.

I have always admired Jim for his friendliness, his competence as a businessman and his integrity.

In California, he has served the State Republican Central Committee, the State United Republican Finance Committee and was finance chairman for the Santa Clara County Republican Central Committee. Currently he is a contributing member of the Republican U.S. Senatorial Advisory Board.

As a fellow insurance broker, as a Member of the House of Representatives, and, not in the least, as a Democrat, I urge you to confirm James C. Sanders. He will certainly provide the leadership, the dedication, and the concern for the small business community necessary for the effective performance of the job as Administrator of the Small Business Administration.

He will bring honor to you, the administration and to the agency.

The CHAIRMAN. Congressman, thank you very much for your remarks, and certainly your recommendations and your considerations carry a lot of weight, because I have a lot of respect for you, and thank you very much for appearing on behalf of Jim.

You're welcome to stay, but I also happen to know that there are a few other things going on that probably need your attention.

Representative MINETA. A little matter of the budget going on, Senator.

Mr. SANDERS. Thanks, Norm. Thanks very much.

The CHAIRMAN. Our first witness will be the nominee.

Jim, is your family here? Would you like to introduce them?

Mr. SANDERS. I would like to introduce my wife, Jo, who sits right behind me here.

Jo?

The CHAIRMAN. Nice to have you with us, Mrs. Sanders. It's a pleasure.

Mrs. SANDERS. Thank you, Senator.

The CHAIRMAN. Go right ahead.

Mr. SANDERS. With your permission, sir, I'd like to read the statement that I have submitted to your committee.

The CHAIRMAN. Go right ahead.

STATEMENT OF JAMES C. SANDERS, NOMINEE FOR ADMINISTRATOR, SMALL BUSINESS ADMINSTRATION, WASHINGTON, D.C.

Mr. SANDERS. Mr. Chairman, it is an honor to appear before you as President Reagan's nominee for the Administrator of the Small Business Administration.

At this point, I would also like to acknowledge and thank Congressman Mineta for his very gracious remarks on my behalf.

I'm confident of the President's support of and interest in, small business as a vital component of our economic system and in the Small Business Administration. I look forward to maintaining and building on that confidence as Administrator of the SBA. If confirmed, I will look to each of you for guidance and assistance, so that together we will have the confidence of the small business community.

I would like to take a moment to go over my background with you.

I started my career as an insurance broker with the Aetna Life and Casualty Co., in San Francisco in 1950. I then cofounded the insurance partnership of Sanders & Sullivan in San Jose, Calif. Upon incorporation in 1965, I became president of Sanders & Sullivan and served in that capacity until 1979. It was at that time that Sanders & Sullivan merged into Corroon & Black, National and International Insurance Brokers. I later served as chairman and chief executive officer of the subsidiary.

As the present Associate Administrator for Management Assistance of the Small Business Administration, I am already familiar with many of the names and faces at the SBA, and have some familiarity with other agency programs. This agency background should prove extremely helpful in providing a smooth and rapid transition period with a minimum disruption in agency operations. In addition, I believe my private sector management experience, along with my recent Government tenure, will prove invaluable in understanding the problems and needs of the small business community.

All of us here are familiar with the overwhelming litany of statistics which measure the enormous role played by small business in the total American economic scene. Also, all of us here are aware that there are some severe problems facing small business today. These problems are obvious to anyone who reads the daily paper.

I can assure you that as Administrator I shall follow an aggressive management policy which will demonstrate this agency's concern for the small business community as a whole. I intend to concentrate on the improvement of quality and efficiency in the delivery of Agency programs. In addition, I will place a great emphasis on insuring a voice for the small business within the administration policymaking process. In order to insure the strongest possible voice and to expand the necessary dialogue with the small business community the agency must use all available resources.

To this end, I want to express my strong respect and admiration for the other Presidential appointees at the SBA: the Chief Counsel for Advocacy and the Inspector General. I will insure that these individuals will be strong participants in the operation of the Small Business Administration and will include them on my management board.

Mr. Chairman, I fully recognize that the task ahead for the Administrator of the SBA, for me if confirmed by the Senate, is no less than defining anew the proper role for SBA in assisting small business to thrive and grow to the general benefit of our Nation. We live in times of change. We cannot simply proceed by going through the motions with programs designed, and perhaps well designed, for the 1950's or 1960's.

I have said that I must look to you for guidance and assistance. It is here in the realm of new approaches, new ideas, new ways to make existing programs better, that this cooperative endeavor is most essential. Many of the SBA's existing programs had their origin in Congress, rather than with the agency. I hope that this flow of ideas will not dry up, but will continue to come to me.

Some say that my task will be to prove to you that there is a continuing reason for SBA to exist and function. This, it seems to me, is the negative and far less productive approach to the same central issue. If SBA remains static amid changing times and major challenges, it will lose the reason to exist. The task, upon which I will need your counsel and active help, is to give it new vitality.

Mr. Chairman, rumors abound concerning the future of the SBA. I want to state unequivocally from the outset that I would not accept this job if I were merely to preside over the agency's demise. I am convinced of the administration's commitment to a strong and independent SBA, if we are to effectively serve the needs of the small business community. I pledge my energies to insuring that this will be the case.

I know SBA has been widely perceived as having not adequately defended or advocated for its constituency. Therefore, I resolve to insure that decisions which will affect the small business community will be made at the appropriate policymaking levels of this administration.

Mr. Chairman, I have some very definite ideas concerning the struture of management within the Small Business Administration, and I would be pleased to discuss these with you, as well as my overall management style. I would like to reserve comments about all of the agency's programs until I have had a better opportunity to review and evaluate them.

I want to thank you for the opportunity to appear before you today. It's an honor to be considered for this position.

I'll be glad to answer any questions you may have at this time.

Thank you.

The CHAIRMAN. Thank you very much, Jim.

I want to at this time, before turning the questioning over to the ranking member, Senator Nunn, enter into the record the nomination papers from the White House, the background memorandum and financial disclosure documents and opinion letter from the Office of Government Ethics and from the Small Business Administration, and the resume of James C. Sanders.

In addition, I want to enter into the record a letter sent to the committee by the National Small Business Association.

[Material follows:]

PN 1044 15

The White House,

MAR 8 - 1982 19

To the

Senate of the United States.

I nominate James C. Sanders, of California, to be Administrator of the Small Business Administration, vice Michael Cardenas, resigned.

92-786 O - 82 - 3

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 4, 1982

The President today announced his intention to nominate James C. Sanders to be Administrator of the Small Business Administration. He would succeed Michael Cardenas, whose resignation the President has accepted.

Mr. Sanders started his career as an insurance broker with the Aetna Life & Casualty Company, San Francisco, California, in 1950. In 1951 he co-founded the insurance partnership of Sanders & Sullivan in San Jose, California. He became President of Sanders & Sullivan in 1965 and served in that capacity until 1979. At that time Sanders & Sullivan merged into Corroon & Black, national and international insurance brokers. He later served as Chairman and Chief Executive Officer. Mr. Sanders is currently Associate Administrator for Management Assistance, Small Business Administration.

Mr. Sanders is an engineering graduate from the University of Kansas and attended Stanford as a post graduate. He served in the United States Navy in 1944-47. He has five children and resides in San Jose, California. He was born November 7, 1926 in Kansas City, Missouri.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 4, 1982

The President today announced his intention to nominate James C. Sanders to be Administrator of the Small Business Administration. He would succeed Michael Cardenas, whose resignation the President has accepted.

Mr. Sanders started his career as an insurance broker with the Aetna Life & Casualty Company, San Francisco, California, in 1950. In 1951 he co-founded the insurance partnership of Sanders & Sullivan in San Jose, California. He became President of Sanders & Sullivan in 1965 and served in that capacity until 1979. At that time Sanders & Sullivan merged into Corroon & Black, national and international insurance brokers. He later served as Chairman and Chief Executive Officer. Mr. Sanders is currently Associate Administrator for Management Assistance, Small Business Administration.

Mr. Sanders is an engineering graduate from the University of Kansas and attended Stanford as a post graduate. He served in the United States Navy in 1944-47. He has five children and resides in San Jose, California. He was born November 7, 1926 in Kansas City, Missouri.

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WASHINGTON, D.C., FEBRUARY 4, 1981 -- James C. Sanders, the President's nominee to succeed Michael Cardenas as Administrator of the U.S. Small Business Administration, issued the following statement after the White House announcement today:

"I am honored that President Reagan has selected me for a position which deals with such a vital segment of our economy, and our nation.

"I will continue to support the President's strong efforts to aid the small business community.

"If confirmed, I will devote my efforts to making SBA an Agency which this Administration and the American taxpayer can be proud of -- one which renders valuable service and assistance to the more than 12 million small businesses that form the backbone of our national life.

"I know SBA and its many professionals will continue the best possible service to the small business community during this period of transition.

"I will reserve any comments about SBA programs, policies and future direction for the confirmation hearings."

# # # #

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

February 3, 1982

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

I regretfully submit my resignation as Administrator of the U.S. Small Business Administration.

Mr. President, I leave this position with the full realization that we have accomplished many of the objectives that we initially set out to achieve for the benefit of the small business community. Unfortunately, too little of our success in this regard reached public attention.

The Small Business Administration, under my leadership has been a strong advocate of your economic recovery program. I want to assure you of my continued support of these programs and your administration.

I remain, as always, a strong small business advocate.

Respectfully,

Michael Cardenas

THE WHITE HOUSE

WASHINGTON

February 3, 1982

Dear Mike:

Thank you for your letter of February 3, 1982. I accept your resignation as Administrator of the Small Business Administration with sincere regret, effective today.

Your service to the Nation in this capacity, especially your support of the Administration's economic program, has been greatly appreciated. I know that in the years ahead you will be able to look back with pride on your many accomplishments as an advocate of small business.

I wish you all future success and happiness, and I look forward to your continued participation in the Administration.

Sincerely,

Ronald Reagan

The Honorable Michael Cardenas
Administrator
U.S. Small Business Administration
Washington, D.C. 20416

NATIONAL SMALL BUSINESS ASSOCIATION
"THE VOICE OF SMALL BUSINESS"

OFFICE OF THE PRESIDENT

March 8, 1982

Hon. Lowell Weicker
Chairman
Senate Committee on Small Business
424 Russell Senate Office Bldg.
Washington, DC 20510

Dear Mr. Chairman:

I am writing to you in support of Mr. James C. Sanders, the President's nominee to head the Small Business Administration (SBA). Mr. Sanders' confirmation hearing is scheduled for March 9 and it is our firm hope that he will be quickly and enthusiastically confirmed by the Committee and the full Senate.

We have met with Mr. Sanders on several occasions recently, and it is my strong impression that he will serve the small business community, well and capably, as SBA Administrator.

We share your concern that the small business community is badly in need of a stabilizing force here in Washington, particularly in view of the severe budget restrictions currently proposed for the SBA. I believe that Mr. Sanders has adequately demonstrated his concerns for small business and has shown a capability to come to grips with key issues affecting the small business community. It is our intention to assist Mr. Sanders in every way possible in order that the small businesses of this country receive the considerations and attention they need from the Small Business Administration.

Sincerely,

Herbert Liebenson

Herbert Liebenson

cc: Bob Dotchin

NSB Building • 1604 K Street, N.W., Washington, D.C. 20006 • Telephone (202) 296-7400

NOMINATION REFERENCE

As in executive session,
Senate of the United States,

March 8, 1982.

Ordered, that the following nominations be referred to the Committee on Small Business:

(See attached--PN1044)

United States of America
Office of Government Ethics

Office of Personnel Management
Washington, D.C. 20415

FEB 25 1982

Honorable Lowell P. Weicker
Chairman, Select Committee on Small
Business
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by James C. Sanders, who will be nominated by President Reagan for the position of Administrator of the Small Business Administration.

We have reviewed the report and have also obtained advice from the Small Business Administration concerning any possible conflict in light of the Administration's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Sanders is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

J. Jackson Walter
Director

Enclosure

U.S. GOVERNMENT
SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

FEB 16 1982

Mr. J. Jackson Walter
Director
Office of Government Ethics
Office of Personnel Management
1900 E Street, N.W.
Washington, D.C. 20415

Dear Mr. Walter:

Pursuant to Section 734.604(c) of the Office of Government Ethics Regulations (5 C.F.R. § 734.604(c)), I am submitting herewith, as the Designated Agency Official for the Small Business Administration under the Ethics in Government Act, the required Financial Disclosure Report (SF 278; Rev. 7/80) and my review thereof of Mr. James C. Sanders, the nominee for Administrator of the Small Business Administration.

I have discussed the financial interests disclosed in this report with Mr. Sanders and confirmed that none of the companies noted thereon are applicants for or recipients of SBA assistance. Moreover, with the exception of banks which are participants in SBA lending programs and in which Mr. Sanders has normal depository/savings interests, none of the companies listed appear to have any other involvement with the Small Business Administration.

It is possible that Mr. Sanders' former employer, Corroon and Black/Sanders and Sullivan, an insurance broker, might become involved through its agents in SBA's surety bond program (15 U.S.C. 694a,b,c). Mr. Sanders agrees that he will disqualify himself from any SBA involvement in these cases.

Based upon the foregoing, it is my opinion that Mr. Sanders' proposed position as Administrator of the Small Business Administration will not involve a conflict of interest under the Ethics in Government Act of 1978, as amended, the Small Business Act, as amended, the regulations promulgated thereunder, or other applicable conflicts or standards of conduct law.

Sincerely,

Donald W. Farrell

Donald W. Farrell
Associate General Counsel

Enclosure

Bob Sanders
Resume for Sanders w/him
Lunch Thurs. 10:30 a.m.
2/2/82

Born: Kansas City, Missouri - November 7, 1926

Education

1 ? B.S., Civil Engineering - University of Kansas
Post-Graduate studies - Stanford University - Dept. of Economics

Military

1944-47 U.S. Navy: Last assignment - U.S. Naval Air Base, Sangley Point, Phillipine Islands. Separated from Navy in May, 1947 with the rank of Ensign.

Business

1949-50 Worked as a junior civil engineer for Peter Kiewit Sons on the Friant-Kern Canal, Porterville, Ca.

1950-51 Started "on-the-job" training as an insurance broker with the Aetna Life & Casualty Co., Montgomery St., San Francisco.

1951-65 Together with Louis B. Sullivan (Stanford '48) founded the insurance partnership of Sanders & Sullivan in San Jose.

1965-79 President of Sanders & Sullivan, a California Corporation.

1976-Present Admitted as an underwriting member of Lloyds of London.

1979-Present Merged Sanders & Sullivan into Corroon & Black (NYSE, Symbol CBL), national and international insurance brokers. At the time of merger S&S was the largest independent insurance broker in the South Bay (essentially Santa Clara County) and in the top 100 privately owned brokers in the U.S. Sanders serves as Chairman and CEO of the wholly owned subsidiary Corroon & Black/Sanders & Sullivan with an annual salary of $102,000.

Political

1953-54 Chairman, Santa Clara County Young Republicans.

1954 Regional Vice President of California State Young Republicans.

1962-68 Member of, and Finance Chairman, Santa Clara County Central Committee.

Member of United Republican Finance Committee of Santa Clara County.

1964-66 State Central Committee

State United Republican Finance Committee

1968-71 Saratoga City Council

1980 . Contributor, Reagan-Bush Campaign

. Contributing Member - The Republican U.S. Senatorial Business Advisory Board

Family

Single (Divorced in 1976). Five children. The oldest three (daughters) have completed college and are independent (semi-independent?). Of the remaining two (sons), one is in the Navy and the other in college.

FINANCIAL DISCLOSURE REPORT

0104 JL

Form Approved
OMB No. 3209-0013

Report Type (Check Appropriate Box)			NOTE
[ ] Incumbent	[X] New Entrant, Nominee or Candidate	Termination Report	All schedules must be filed. Enter "None" in areas or across schedules where appropriate.

SMALL BUSINESS ADMINISTRATION
Agency Use Only
Date (Month, Day, Year)
FEB 1982
OFFICE OF GENERAL LAW

OGE Use Only
FEB 17 1982

	Last Name	First Name and Middle Initial
Person Nominated/Individual's Name	SANDERS	JAMES C.
Position for Which Filing	Title of Position: ADMINISTRATOR	Department or Agency (If Applicable): SMALL BUSINESS ADMINISTRATION
Location of Present Office	Address (Number, Street, City, State and Zip Code): 1441 L Street N.W., Washington, D.C. 20005	Room Number: Room 602

Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.): Nomination 2/4/82

Termination Date (If Applicable) (Month, Day, Year):

Telephone No. (Include Area Code): 202-653-6881

Nominee: Subject to Senate Confirmation	Name of Committee: Senate Small Business Committee

Intend to Create a Qualified Diversified Trust?
[ ] Yes [X] No

Positions Held With the Federal Government During the Preceding 12 Months (If Same as Above)	Title of Position(s) and Date(s) Held: Associate Administrator, Management Assistance, Small Business Administration — August, 1981 - Present

Certification

I certify that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge.

Signature: James C. Sanders — Date (Month, Day, Year): February 9, 1982

Agency Ethics Official's Opinion

The information contained in this report discloses no conflict of interest under applicable laws and regulations.

Signature of Designated Agency Ethics Official Reviewing Official: Donald W. Fravel — Date (Month, Day, Year): 2/16/82

Office of Government Ethics Only — Signature: Jackson Walter — Date (Month, Day, Year): 2-25-82

Date Received by Designated Official (If Any): 2/18/82 JL

Supplementary information provided by Mr. Sanders on 2/19/82 JL

(Check box if comments are continued on the reverse side)

278-135

NSN 7540-01-078-8644

24

SF 278 – Financial Disclosure Report, Schedule A
(Rev. 7/80)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals.

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?	X	
If "yes", have you reported the income from the trust?	X	
If "yes", have you reported the assets of the trust?	X	
If "yes", is this trust an "excepted" trust?		X
or "qualified" trust?		X

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way, past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities,

Do you certify to all of the above? Yes: | No: N/A

Page Number	1	Schedule A

Reporting Individual's Name: James C. Sanders

Agency Use Only

Date of Filing (Month, Day, Year)

Spouse (S) or Dependent Child (DC)	Identification	Income: Type of Income (x)							Income: Category of Amount or Value (x)										Interests in Property: Valuation of Assets (x)						
		Div.	Rents	Interest	Capital Gain	Excepted Trust	Qualified Trust	Other (Specify)	None (or less than $101)	$101 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000	Actual Amount (Only if "Other" Specified)	Date (Mo. Day, Yr.) (Only if Honoraria)	Valuation Method	$1,000 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	Over $250,000
	Bonus & Salary, Corroon & Black 1/1/81 - 8/1/81							Bonus & Salary						X			63,500		H						
S	West Valley Properties Inc.							Salary					X												
	N/R J.W. Passmore			X															H					X		
	N/R J.R. Justin			X															H					X		
	N/R R. S. Appleby			X															H				X			
	Lloyds of London *	X											X													
	54,000 shares CBL (NYSE) common	X												X					F							X
	Bank of America CD			X									X						H							X
	E. F. Hutton Muni Bond Fund			X								X							H							X
	U.S. Treasury Bills			X								X							H							X
	E.F. Hutton Cash Reserve Mgt			X							X								H						X	
	Leased Residence, Santa Cruz, CA		X									X							A							X
	1/2 share leased condo , Tahoe		X											X					A						X	
	Limited Partnership CP #6		X									X							H				X			

SF 278 – Financial Disclosure Report, Schedule A
(Feb. 1980)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals.

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?		
If "yes", have you reported the income from the trust?		
If "yes", have you reported the assets of the trust?		
If "yes", is this trust an "excepted" trust? ... or "qualified" trust?		

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way, past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above? Yes ☐ No ☐

Page Number	2	Schedule A

Reporting Individual's Name: James C. Sanders

Agency Use Only

Date of Filing (Month, Day, Year)

Spouse (S) or Dependent Child (DC)	Identification	Income: Type of Income (✓) Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify)	Income: Category of Amount or Value (✓) None (or less than $101)	$101-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	Over $100,000	Actual Amount (Only if "Other" Specified)	Date (Mo., Day, Yr.) (Only if Honoraria)	Interests in Property: Valuation of Assets (✓) Valuation Method	$1,001-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
	Riggs National Bank DC			X								X								H				X	
	N/R Mary B. Sanders			X					X											H				X	
*	C.&L. Sanders Trust (J.C. Sanders, Trustee)																									
	Pan Am Conv Deb. (1,000 at 4.5%)	X																								
	Trans America Com (12 shares)	X								X										H		X				
	UAL Com (328 shares)	X																								
	AT&T Com (200 shares)	X								X										H		X				
	Monarch Cap Corp Com (500 shares)	X								X										H		X				
	No. Cal S&L Com (787 shares)	X								X										H		X				
	M.L. Corp Inc. F'd. (40 shares)	X									X									H		X				
	Mont'y St. Inc. Secs (400 shares)	X								X										H		X				
	F.S. James Com (1,000 shares)	X									X									H			X			
	Standard Oil Cal Com (300 shares)	X								X										H		X				

490 Edition is Usable ★ Additional [illegible]

SF 278—Financial Disclosure Report Schedule A
(Rev. 7/80)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals.

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?		
If "yes", have you reported the income from the trust?		
If "yes", have you reported the assets of the trust?		
If "yes", is this trust an "excepted" trust? (Yes / No) or "qualified" trust?		

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way, past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above? Yes / No

Page Number 3 — Schedule A

Reporting Individual's Name: James C. Sanders

Agency Use Only

Date of Filing (Month, Day, Year)

Spouse (S) or Dependent Child (DC)	Identification	Income: Type of Income (✓) Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify)	Income: Category of Amount or Value (✓) None (or less than $201)	$201–$1,000	$1,001–$2,500	$2,501–$5,000	$5,001–$15,000	$15,001–$50,000	$50,001–$100,000	Over $100,000	Actual Amount (Only if "Other" Specified)	Date (Mo. Day. Yr.) (Only if Honoraria)	Interests in Property: Valuation of Assets (✓) Valuation Method	$1,001–$2,000	$2,001–$5,000	$5,001–$15,000	$15,001–$50,000	$50,001–$100,000	$100,001–$250,000	Over $250,000
	C. & L. Trust, con't																									
	Goodyear Tire Com (600 shares)	X								X									H		X					
	Pac.Res. Inc. Hawaii (500 shares)	X								X									A		X					
	Fed. Nat'l. Mtge Com (500 shares)	X								X									H	X						
	Allegheny Power Com (600 shares)	X									X								H		X					
	Cen. Ill. P.S. Co. Pfd. 8.08 (100 shs)	X								X									H	X						
	FMC Corp Com (500 shares)	X								X									H		X					
	Safeway Stores Com (1,700 shares)	X										X							H				X			
	Western Airlines Pf'd (400 shares)	X								X									H		X					
	Cities Service Com (600 shares)	X								X									H				X			
	New Prsp Fund (6,180 shares)	X									X								H				X			
	B of A Corp Deb (15,000 7.87%)			X							X								H		X					
	Merrill Lynch Cap F'd (300 shs)	X								X									H	X						
	Inst'nl Liquid Assets (Salomon Bros) (6/15/83; 3.75%			X									X						H						X	
	U.S. Treas Bonds $30,000)									X									H					X		

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SF 278–Financial Disclosure Report, Schedule A
(Rev. 7/80)

INCOME AND INTERESTS IN PROPERTY

This schedule is applicable in the case of all reporting individuals.

	Yes	No
Do you, your spouse, or dependent child receive income from, or have a beneficial interest in a trust?		
If "yes", have you reported the income from the trust?		
If "yes", have you reported the assets of the trust?		
If "yes", is this trust an "excepted" trust? ... or "qualified" trust?		

If there are any interests in property, purchases, sales, or exchanges, or liabilities of a spouse or dependent child which you have not reported but which would be reportable, but for the following:

1. They represent solely your spouse's or dependent child's financial interest or responsibility;
2. They are not, in any way, past or present, derived from your income, assets, or activities;
3. You neither derive, nor expect to derive, any financial or economic benefit from them; and
4. You do not have knowledge as to the composition of such interests or liabilities.

Do you certify to all of the above? Yes ☐ No ☐

Page Number	4	Schedule A

Reporting Individual's Name: James C. Sanders

Agency Use Only

Date of Filing (Month, Day, Year)

Schedule (S) of Dependent Child (DC)	Identification	Income: Type of Income (✓)							Income: Category of Amount or Value (✓)									Interests in Property: Valuation of Assets (✓)						
		Dividends	Rent	Interest	Capital Gains	Exempted Trust	Qualified Trust	Other (Specify)	None (or not over $201)	$201-$1,000	$1,001-$2,500	$2,501-$5,000	$5,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$1,000,000	Over $1,000,000	Actual Amount (Only if "Other" Specified)	Date (Mo. Day, Yr.) (Only if Honoraria)	Valuation Unknown	$1,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
	C.& L. Sanders Trust, con't																							
	N/R J.& L. Donohoe			X					X											H			X	
	Additional interests:																							
	Muni Bonds:																							
	Cal Vets $30,000 10% due 2005										X									H		X		
	Sacramento M.U.D. $15,000 10.75% due-5/1/2011									X										H		X		
	Calif Pollution Control Authority $15,000--10/70% due-12/1/2011									X										H		X		

4/80 Edition is usable

PURCHASES, SALES, AND EXCHANGES

This schedule is applicable only in the case of annual and termination reports.

Page Number	5	Schedule B

Reporting Individual's Name: James C. Sanders

Agency Use Only

Date of Filing (Month, Day, Year)

Report Applicable Transactions. Even if Also Reported on Schedule A

S or DC	Identification of Property (real and personal)	Type of Transaction			Date (Month, Day, Year)		Category of Amount or Value (x)					
		Purchase	Sale	Exchange	Purchase	Sale or Exchange	$1,001 to $5,000	$5,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
	N/R J.R. Justin		x			May, 1981				x		
	N/R R.S. Appleby		x			May, 1981			x			
	40,000 Shares CBL (NYSE) Common		x			April, 1981						x
	E.F. Hutton Muni Bond Fund	x			April, 1981							x
	Bank of America CD	x			April, 1981							x
	E.F. Hutton Muni Bond Fund		x			Oct, 1981						x
	U.S. Treasury Bills	x			Oct, 1981							x
	Riggs Bank CD	x			Aug, 1981						x	
	U.S. Treasury Bills		x			Jan, 1982					x	
	E.F. Hutton Muni Bond Fund	x			Jan, 1982			x				
	E.F. Hutton Cash Reserve Mgt	x			Jan, 1982						x	
	Bank of America CD		x			Aug, 1981					x	
	5,000 Shares CBL (NYSE) Common		x			Feb, 1982					x	
	Bank of America CD	x			Feb, 1982						x	

GIFTS AND REIMBURSEMENTS

This schedule is applicable only in the case of annual and termination reports.

Page Number	6	Schedule C
Reporting Individual's Name: James C. Sanders		
Agency Use Only		
Date of Last Report (Month, Day, Year)		

I. Lodging, Transportation, Food and Entertainment—List each source totaling $250 or more in value

Sec. 102	Source (Name and Address)	Brief Description	Value
	None		

II. All Other Gifts—List each source totaling $100 or more in value

Source (Name and Address)	Brief Description	Value
None		

III. Reimbursements—List each source totaling $250 or more in value

§	Source (Name and Address)	Brief Description	Value
	None		

Agency Use Only

Page Number 7 | D

James C. Sanders

LIABILITIES

Name and Address of Creditor	Type of Liability (Incl. guarantees, note made to acquire securities. Give date, interest rate and if applicable, term)	Category of Amount or Value ($10,001 to $15,000 / $15,001 to $50,000 / $50,001 to $100,000 / $100,001 to $250,000 / Over $250,000)
Bank of America, San Jose Main, CA	Letter of Credit to Lloyds of London 1979, 1980 3 yr term 1% premium	$50,001 to $100,000
Bank of America, San Jose Main, CA	1/2 mortgage on house in Tahoe City, CA	$50,001 to $100,000

Name and Address	Type of Unit	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Corroon & Black/Sanders & Sullivan 1530 The Alameda, San Jose, CA 95126	Insurance Brokers	Chairman, CEO	April, 1979	August, 1981
Small Business Administration 1441 L Street NW, Washington, D.C. 20416	Government Agency	Associate Administrator, Management Assistance	August, 1981	February, 1982

COMPENSATION IN EXCESS OF $5,000 PAID BY ONE SOURCE This section is applicable only in the case of nominees and new entrants

Source (Name and Address)	Brief Description of Duties
Corroon & Black/Sanders & Sullivan 1530 The Alameda, San Jose, CA 95126	Chief Executive Officer of the firm in charge of all activities for which a salary was received

AGREEMENTS WITH OTHER EMPLOYERS

Description of Terms of Any Agreement or Arrangement	Parties	Date (Mo., Day, Yr.)
Eligible for pension from Corroon & Black/Sanders & Sullivan which I have chosen not to receive.	$1000 per month retirement current value	

LOWELL WEICKER, JR., CONN., CHAIRMAN

BOB PACKWOOD, OREG.
ORRIN G. HATCH, UTAH
S. I. HAYAKAWA, CALIF.
RUDY BOSCHWITZ, MINN.
BLADE GORTON, WASH.
DON NICKLES, OKLA.
WARREN RUDMAN, N.H.
ALFONSE M. D'AMATO, N.Y.

SAM NUNN, GA.
WALTER D. HUDDLESTON, KY.
DALE BUMPERS, ARK.
JAMES R. SASSER, TENN.
MAX BAUCUS, MONT.
CARL LEVIN, MICH.
PAUL E. TSONGAS, MASS.
ALAN J. DIXON, ILL.

ROBERT J. DOTCHIN, STAFF DIRECTOR
R. MICHAEL HAYNES, CHIEF COUNSEL
ALAN L. CHVOTKIN, MINORITY CHIEF COUNSEL

United States Senate

COMMITTEE ON SMALL BUSINESS
WASHINGTON, D.C. 20510

March 5, 1982

MEMORANDUM:

TO: Small Business Committee Legislative Representatives

FROM: R. Michael Haynes, Chief Counsel
Alan L. Chvotkin, Minority Chief Counsel

SUBJ: NOMINATION OF JAMES C. SANDERS FOR APPOINTMENT AS ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION

On Tuesday, March 9, 1982, at 10:00 a.m. in Room 424, Russell Building, the full Committee will hold a hearing on the nomination of James C. Sanders for appointment as the Administrator of the Small Business Administration. Senator Weicker will chair the hearing.

On February 4, 1982, the President announced his intention to nominate James C. Sanders for appointment as the Administrator of the Small Business Administration. The White House assures us that Mr. Sanders' formal nomination papers will be forwarded to the full Senate on Monday, March 8.

It is the desire and intention of the Chairman and Ranking Minority Member to report this nomination to the Senate as soon as possible. Accordingly, after the hearing, Mr. Sanders' nomination will be placed on the Committee agenda for review and consideration at the next full Committee mark-up.

In preparation for the hearing, we have attached for your consideration copies of the following:

1. The White House Press Release on the President's intention to nominate Mr. Sanders to be the Administrator of the Small Business Administation, which also includes a brief biographical background;

2. A letter from the Director of the Office of Government Ethics, dated February 25, 1982, transmitting the financial disclosure report of the nominee stating their opinion that Mr. Sanders is in compliance with applicable laws and regulations governing conflicts of interest;

3. The financial disclosure report required of Presidential nominees; and

4. An opinion letter from Don Farrell, Associate General Counsel of the SBA, advising that his review of the financial documents shows no conflict of interest.

If you have any questions or would like additional information, please do not hesitate to contact either of us at 224-5175.

Attachments (4)

NATIONAL SMALL BUSINESS ASSOCIATION
"THE VOICE OF SMALL BUSINESS"

OFFICE OF THE PRESIDENT

March 8, 1982

Hon. Lowell Weicker
Chairman
Senate Committee on Small Business
424 Russell Senate Office Bldg.
Washington, DC 20510

Dear Mr. Chairman:

I am writing to you in support of Mr. James C. Sanders, the President's nominee to head the Small Business Administration (SBA). Mr. Sanders' confirmation hearing is scheduled for March 9 and it is our firm hope that he will be quickly and enthusiastically confirmed by the Committee and the full Senate.

We have met with Mr. Sanders on several occasions recently, and it is my strong impression that he will serve the small business community, well and capably, as SBA Administrator.

We share your concern that the small business community is badly in need of a stabilizing force here in Washington, particularly in view of the severe budget restrictions currently proposed for the SBA. I believe that Mr. Sanders has adequately demonstrated his concerns for small business and has shown a capability to come to grips with key issues affecting the small business community. It is our intention to assist Mr. Sanders in every way possible in order that the small businesses of this country receive the considerations and attention they need from the Small Business Administration.

Sincerely,

Herbert Liebenson

Herbert L'ebenson

cc: Bob Dotchin

NSB Building • 1604 K Street, N.W., Washington, D.C. 20006 • Telephone (202) 296-7400

The CHAIRMAN. With those documents in the record, I now turn to my colleague and good friend, Senator Nunn.

Senator NUNN. Thank you very much, Mr. Chairman.

I will catch up as the hearing proceeds, but I have read your opening statement, and I concur in your remarks. I think that now is a crucial time for the whole small business community. We certainly have never seen this kind of threat to the survival of small businesses in our country, at least in the last two or three decades, to my knowledge.

So, Mr. Sanders, you come with a very difficult, very responsible, and very challenging job at an extremely crucial time.

Mr. Chairman, I will put any further remarks in the record and simply defer back to you.

The CHAIRMAN. Thank you very much, Senator.

Senator NUNN. Based on all the people who know our nominee, I have a very high regard for him, based on his reputation and look forward to working with him.

The CHAIRMAN. If you're confirmed by the Senate, will you faithfully execute the laws passed by the Congress, regardless of any previous statements you've made or biases that you may have had?

Mr. SANDERS. I will.

The CHAIRMAN. If you're confirmed by the Senate, do you promise to respond to requests to appear and testify before this committee or any other duly constituted committee of the Senate?

Mr. SANDERS. Yes.

The CHAIRMAN. In order to conduct oversight review of the Small Business Administration, this committee will require complete access to SBA documents and personnel. Do you believe that documents or interviews with SBA employees should be denied to this committee while pursuing its oversight activities for any reason?

Mr. SANDERS. No.

The CHAIRMAN. Recently, in meetings with labor organizations and other groups, I've received complaints about SBA moving so slowly on its size standards proposal. When can we expect some resolution of the size standard proposal, and a resolution of the numerous controversies that it has generated?

Mr. SANDERS. Mr. Chairman, I have asked the question within the last week or so in preparing for these hearings, and have been perturbed to find that that kind of decision has not been moved along and put into the Federal Register. I will put that as one of my first priorities upon attaining this office.

The CHAIRMAN. I hope so, because I think it's creating a lot of controversy out there which doesn't need to be there. These are important matters that obviously require your attention and the attention of this committee, and this has a lot of people apprehensive, so why not just clear it out of the way.

I was delighted to see in your opening statement your commitment to the agency, to the existence of the agency, and I'm not going to really get into asking you to restate what to me was unequivocally stated in those remarks.

But let me ask you publicly about what I discussed with you privately. When this administration designs policy, albeit outside the specific legislative responsibility of the Small Business Administration, that is, economic policy, labor policy, and those things which

clearly impact on the constituency for which you are the advocate, have you been assured by the administration that you're going to be brought into the discussions so that you can give them the small business perspective?

I'm not saying I'm asking you necessarily to agree or disagree, but are you going to be able to present the small business perspective at a point in time when it's going to be meaningful to the design of overall Administration policy?

Mr. SANDERS. Mr. Chairman, that's one of the areas that I feel has been missing in the past 12 or 15 months, and I have brought this subject up at the White House and have been given assurances that they are going to follow some of the recommendations, if not all of them, that I have to improve the access to the policymaking levels of this administration so that the Small Business Administration and small business voice will be heard.

The CHAIRMAN. Yes, just so that people understand for the record that I'm not talking about some generality, a good example would have been the tax cut package proposed during the 1982 session of the Senate. Were it not for myself and Senator Nunn and other Democrats and Republicans, Senator Durenberger, for example, that package would have included—in the package, the recognition of the small business problems. It would have included only the individual tax cut. It was generated here in the Senate that there ought to be a special consideration in terms of a tax reduction in the lowest two corporate brackets income tax, which obviously were needed by the small business community, and that the individual tax cut was not sufficient to serve the needs of small business.

That proposal was strictly generated in the Senate and not by the administration at all. Indeed, I think small business just was assumed to fall under, and benefit from, the general economic proposals of the administration without any specific considerations directed to their needs.

It's that type of situation that, if it comes up in the future, I would hope that you would have input into, and access to the administration in order to convey that input. You indicate to me that you will have that kind of access before the fact?

Mr. SANDERS. That's correct, Mr. Chairman, and I would hope that we can perform a very useful ancillary function of being a conduit between the Congress and its creative ideas and the administration and its policymaking.

The CHAIRMAN. Well, I was glad to see in your opening statement where you indicated that the Inspector General—incidentally, I think you have an outstanding Inspector General.

Mr. SANDERS. I agree.

The CHAIRMAN. And the Counsel for Advocacy would be a part of your management team. As you know, I've been somewhat separate from my colleagues and the Congress and, indeed, the previous administration as to the importance of the Counsel for Advocacy. I think it's a good position, but you're the advocate, and you're the man who's running that show over there; and I felt that the way that was constructed initially and the way it was interpreted, meant that we really had two people running the Small Business

Administration, the Counsel for Advocacy and the Small Business Administrator.

I wonder if you could possibly clarify your view of where that position lies, and exactly whether or not you feel that it's a dual management situation in the Agency, or whether you're it?

Mr. SANDERS. Well, I've read the description, Mr. Chairman, of the powers granted unto the Chief Counsel for Advocacy, but I see no possible conflict, because I, first of all, have a strong admiration and friendship with Frank Swain.

The CHAIRMAN. He's a fine person.

Mr. SANDERS. And I think that we're going to work very well in the same business as a team, and I kind of look to Frank to give me a lot of input so that I can make the whole agency a strong advocate, and I certainly want to reinforce his efforts.

The CHAIRMAN. I note your former insurance brokerage firm, Corroon, Black, Sanders, & Sullivan, may occasionally do some business through its agency in the SBA surety bond guarantee program. Do you believe that this in any way creates a conflict of interest?

Mr. SANDERS. No, sir, I do not. I don't believe that they have any impact on a decision, but certainly I would remove myself from any kind of decision involving any possible conflict of interest.

The CHAIRMAN. I also note on page 4 of your financial disclosure report that you currently own $15,000 worth of shares in the California Pollution Control Authority. As you may be aware, this authority has played a key role in supporting the SBA pollution control guarantee program and benefits from its continued funding.

Given Congress substantial support for the program and the administration's efforts to cut it back, do you believe that your continued ownership of these shares would in any way create a conflict of interest?

Mr. SANDERS. I cannot perceive of any kind of conflict of interest with that amount of shares, but I'd certainly be glad to divest myself of those, if the committee felt there was any conflict.

The CHAIRMAN. I'm led to believe that there are certain staff in the executive offices of the White House who are preparing a detailed proposal to counsel the President to merge—not to eliminate SBA, as has been discussed in the main—but to merge SBA into the Department of Commerce, and I would like your opinion on any such proposal, should it come to your notice.

Mr. SANDERS. Mr. Chairman, I have never been told that at the White House by anyone there. I have heard these rumors ever since I've arrived in Washington. I guess these kinds of ideas have been around for years.

I would strongly resist that, as my opening statement underlines. I believe in the independence of the SBA, and I think it functions much better in that capacity as an advocate for all small business.

The CHAIRMAN. Senator Nunn?

Senator NUNN. Mr. Sanders, how long have you been at SBA now?

Mr. SANDERS. Six months.

Senator NUNN. Six months?

Mr. SANDERS. Yes, sir.

Senator NUNN. And you came there directly from your own business?

Mr. SANDERS. That's correct.

Senator NUNN. Have you had any other governmental experience?

Mr. SANDERS. Outside of service in the Navy, none.

Senator NUNN. I'm not trying to get into errors of previous administrators or anything of that nature. My question is broader than that, and I'll ask you to put it in that context. What would you say would have been the principal errors of the Small Business Administration based on your experience in the last 6 months, and I'm not saying in the last year, but just what are the areas that you think need correcting more than any other?

Mr. SANDERS. Well, first of all, Senator, I believe that the largest problems that I think we can correct quickly are those of the functioning, the more efficient functioning of the staff of the SBA. I believe that there has not been an inadequate delegation throughout the ranks of the administration. I believe there has not been proper communication. I believe that the lines of authority and responsibility have been tangled and mixed with too many special assistants, and that there was a shutdown of the freedom of managers within the administration to manage.

There was a slowdown of the rate of decisionmaking, which slowed the whole process of delivering our programs, and that would be the first thing to turn around.

Senator NUNN. So improved management and delegation of authority would be one of your top priorities?

Mr. SANDERS. That's the first thing to do, yes sir.

Senator NUNN. All right. What would be your other priorities?

Mr. SANDERS. Well, I think then, sir, we have to review the balance between the emphasis on support functions and programs. I believe there has been a little too much weighing on the side of support functions, to the detriment of the people in the field, who are delivering the programs.

I think the emphasis has to be more of a hands-on delivery to the public, to the small business community, and less of an emphasis on staff and support work, which really doesn't deliver anything.

Senator NUNN. Are you saying that field operations should take priority over the central office?

Mr. SANDERS. I believe that my emphasis will be in reexamining the way we have dispersed our facilities to put more emphasis in the field and less in central office.

Senator NUNN. All right, sir. What other suggestions do you have in general direction?

Mr. SANDERS. Well, we have a certain number of programs that I've outlined that need attention right away. One of them certainly is our data management organization. I feel it has not been responsive. I've looked back over the record and history, and I see that that problem has been with us for more than a few years.

I would hope that we can make some real progress in the next 12 months, and I intend to take that on as one of the top priorities.

I intend to also take a close look at the balance of the personnel that we have between our programs and our staff functions, as I mentioned before, and also between the needs in the geographical

area versus the staffs that we have. There are some areas in which it would appear that we have a need, but not enough people to respond; in other areas, we're overstaffed.

Senator NUNN. What about the 8(a) program? Have you taken a personal look at the 8(a) program?

Mr. SANDERS. I have been reviewing most of these programs, Senator, and I certainly don't view myself as an expert on the 8(a) program yet, but the 8(a) program will take a very large part of my time, I'm sure, as it has for every administrator.

I do hope that we can improve the delivery in that program, make it more efficient. We have already begun under the Acting Administrator, Don Templeman, to pump out some of these 7(j) contracts, I know that much, but it certainly will also receive an early priority of my attention.

Senator NUNN. Are you going to keep basically the same management team in place that's over there now, or do you plan some fundamental changes in the top personnel? I'm not asking who at this stage, but just in general.

Mr. SANDERS. No; I think by and large, Senator, we'll keep the people who are over there pretty much involved in the top management. We may add one or two, but by and large, it will be the people who have been there and are ready to perform. And I think that many of these people in the past have been frustrated in not being able to function as well as they could have.

Senator NUNN. Do you plan any fundamental shakeups of personnel at the regional level, or are you going to pretty much keep those teams intact unless a problem arises? What's your general view about the kind of personnel you've got in the regions?

Mr. SANDERS. Senator, I'm rather pleased with what I see from our 10 regional administrators, and I have no reason at this time to think that we would change any of those people.

Senator NUNN. Thank you, Mr. Chairman.

The CHAIRMAN. Jim, I will try to at the earliest possible time convene the full committee, perhaps even before the end of the week, to take a vote on your nomination, but certainly the record as I have it before me would indicate that there shouldn't be any difficulty with obtaining that approval.

Mr. SANDERS. Thank you, sir.

Senator NUNN. I agree with that assessment from this side of the aisle. I haven't talked to all the members, but Mr. Sanders has been well recommended by all who have worked with him.

Mr. SANDERS. Thank you, sir.

Senator NUNN. Be proud of that.

[The prepared statement of Mr. Sanders follows:]

SMALL BUSINESS ADMINISTRATION

********** Washington, D.C. **********

STATEMENT OF
JAMES C. SANDERS, NOMINEE FOR SBA ADMINISTRATOR
BEFORE THE
SENATE SMALL BUSINESS COMMITTEE
UNITED STATES SENATE

MARCH 9, 1982

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SMALL BUSINESS COMMITTEE, IT IS AN HONOR TO APPEAR BEFORE YOU AS PRESIDENT REAGAN'S NOMINEE FOR ADMINISTRATOR OF THE SMALL BUSINESS ADMINISTRATION.

I AM CONFIDENT OF THE PRESIDENT'S SUPPORT OF AND INTEREST IN SMALL BUSINESS AS A VITAL COMPONENT OF OUR ECONOMIC SYSTEM AND IN THE SMALL BUSINESS ADMINISTRATION. I LOOK FORWARD TO MAINTAINING AND BUILDING ON THAT CONFIDENCE AS ADMINISTRATOR OF THE SBA. IF CONFIRMED, I WILL LOOK TO EACH OF YOU FOR GUIDANCE AND ASSISTANCE SO THAT TOGETHER, WE WILL HAVE THE CONFIDENCE OF THE SMALL BUSINESS COMMUNITY.

I WOULD LIKE TO TAKE A MOMENT TO GO OVER MY BACKGROUND WITH YOU. I STARTED MY CAREER AS AN INSURANCE BROKER WITH THE AETNA LIFE AND CASUALTY COMPANY IN SAN FRANCISCO IN 1950.

I THEN CO-FOUNDED THE INSURANCE PARTNERSHIP OF SANDERS AND SULLIVAN IN SAN JOSE, CALIFORNIA. UPON INCORPORATION IN 1965, I BECAME PRESIDENT OF SANDERS AND SULLIVAN AND SERVED IN THAT CAPACITY UNTIL 1979. IT WAS AT THAT TIME THAT SANDERS AND SULLIVAN MERGED INTO CORROON AND BLACK, NATIONAL AND INTERNATIONAL INSURANCE BROKERS. I LATER SERVED AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE SUBSIDIARY.

AS THE PRESENT ASSOCIATE ADMINISTRATOR FOR MANAGEMENT ASSISTANCE OF THE SMALL BUSINESS ADMINISTRATION, I AM ALREADY FAMILIAR WITH MANY OF THE NAMES AND FACES AT THE SBA, AND HAVE SOME FAMILIARITY WITH OTHER AGENCY PROGRAMS. THIS AGENCY BACKGROUND SHOULD PROVE EXTREMELY HELPFUL IN PROVIDING A SMOOTH AND RAPID TRANSITION PERIOD WITH A MINIMUM DISRUPTION IN AGENCY OPERATIONS. IN ADDITION, I BELIEVE MY PRIVATE SECTOR MANAGEMENT EXPERIENCE ALONG WITH MY RECENT GOVERNMENT TENURE, WILL BE INVALUABLE IN UNDERSTANDING THE PROBLEMS AND NEEDS OF THE SMALL BUSINESS COMMUNITY.

ALL OF US HERE ARE FAMILIAR WITH THE OVERWHELMING LITANY OF STATISTICS, WHICH MEASURE THE ENORMOUS ROLE PLAYED BY SMALL BUSINESS IN THE TOTAL AMERICAN ECONOMIC SCENE. ALSO, ALL OF

US HERE ARE AWARE THAT THERE ARE SOME SEVERE PROBLEMS FACING SMALL BUSINESS TODAY. THESE PROBLEMS ARE OBVIOUS TO ANYONE WHO READS THE DAILY PAPER. I CAN ASSURE YOU THAT AS ADMINISTRATOR, I SHALL FOLLOW AN AGGRESSIVE MANAGEMENT POLICY WHICH WILL DEMONSTRATE THIS AGENCY'S CONCERN FOR THE SMALL BUSINESS COMMUNITY AS A WHOLE. I INTEND TO CONCENTRATE ON THE IMPROVEMENT OF QUALITY AND EFFICIENCY IN THE DELIVERY OF AGENCY PROGRAMS. IN ADDITION, I WILL PLACE A GREAT EMPHASIS ON INSURING A VOICE FOR SMALL BUSINESS WITHIN THE ADMINISTRATION POLICY-MAKING PROCESS. IN ORDER TO INSURE THE STRONGEST POSSIBLE VOICE AND TO EXPAND THE NECESSARY DIALOGUE WITH THE SMALL BUSINESS COMMUNITY THE AGENCY MUST USE ALL AVAILABLE RESOURCES.

TO THIS END, I WANT TO EXPRESS MY STRONG RESPECT AND ADMIRATION FOR THE OTHER PRESIDENTIAL APPOINTEES AT THE SBA: THE CHIEF COUNSEL FOR ADVOCACY AND THE INSPECTOR GENERAL. I WILL INSURE THAT THESE INDIVIDUALS WILL BE STRONG PARTICIPANTS IN THE OPERATION OF THE SMALL BUSINESS ADMINISTRATION AND WILL INCLUDE THEM ON MY MANAGEMENT BOARD.

MR. CHAIRMAN, I FULLY RECOGNIZE THAT THE TASK AHEAD FOR THE ADMINISTRATOR OF SBA, FOR ME IF CONFIRMED BY THE SENATE, IS

NO LESS THAN DEFINING ANEW THE PROPER ROLE FOR SBA IN ASSISTING SMALL BUSINESS TO THRIVE AND GROW TO THE GENERAL BENEFIT OF OUR NATION. WE LIVE IN TIMES OF CHANGE. WE CANNOT SIMPLY PROCEED BY GOING THROUGH THE MOTIONS WITH PROGRAMS DESIGNED, PERHAPS WELL DESIGNED, FOR THE 1950'S OR 1960'S. I HAVE SAID THAT I MUST LOOK TO YOU FOR GUIDANCE AND ASSISTANCE. IT IS HERE IN THE REALM OF NEW APPROACHES, NEW IDEAS, NEW WAYS TO MAKE EXISTING PROGRAMS BETTER, THAT THIS COOPERATIVE ENDEAVOR IS MOST ESSENTIAL. MANY OF SBA'S EXISTING PROGRAMS HAD THEIR ORIGIN IN THE CONGRESS, RATHER THAN WITH THE AGENCY. I HOPE THAT THIS FLOW OF IDEAS WILL NOT DRY UP, BUT WILL CONTINUE TO COME TO ME.

SOME SAY THAT MY TASK WILL BE TO PROVE TO YOU THAT THERE IS CONTINUING REASON FOR SBA TO EXIST AND FUNCTION. THIS, IT SEEMS TO ME, IS THE NEGATIVE, AND FAR LESS PRODUCTIVE, APPROACH TO THE SAME CENTRAL ISSUE. IF SBA REMAINS STATIC AMID CHANGING TIMES AND MAJOR CHALLENGES, IT WILL LOSE REASON TO EXIST. THE TASK, UPON WHICH I WILL NEED YOUR COUNSEL AND ACTIVE HELP, IS TO GIVE IT NEW VITALITY.

MR. CHAIRMAN, RUMORS ABOUND CONCERNING THE FUTURE OF THE SBA. I WANT TO STATE UNEQUIVOCALLY FROM THE OUTSET THAT I

WOULD NOT ACCEPT THIS JOB IF I WERE MERELY TO PRESIDE OVER THE AGENCY'S DEMISE. I AM CONVINCED OF THE ADMINISTRATION'S COMMITMENT TO A STRONG AND INDEPENDENT SBA IF WE ARE TO EFFECTIVELY SERVE THE NEEDS OF THE SMALL BUSINESS COMMUNITY. I PLEDGE MY ENERGIES TO INSURING THAT THIS WILL BE THE CASE.

I KNOW SBA HAS BEEN WIDELY PERCEIVED AS HAVING NOT ADEQUATELY DEFENDED OR ADVOCATED FOR ITS CONSTITUENCY. THEREFORE, I RESOLVE TO INSURE THAT DECISIONS WHICH WILL EFFECT THE SMALL BUSINESS COMMUNITY WILL BE MADE AT THE APPROPRIATE POLICY MAKING LEVELS OF THIS ADMINISTRATION.

MR. CHAIRMAN, I HAVE SOME VERY DEFINITE IDEAS CONCERNING THE STRUCTURE OF MANAGEMENT WITHIN THE SMALL BUSINESS ADMINISTRATION, AND I WOULD BE PLEASED TO DISCUSS THESE WITH YOU, AS WELL AS MY OVERALL MANAGEMENT STYLE. I WOULD LIKE TO RESERVE COMMENTS ABOUT ALL OF THE AGENCY'S PROGRAMS UNTIL I HAVE HAD A BETTER OPPORTUNITY TO REVIEW AND EVALUATE THEM.

I WANT TO THANK YOU FOR THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY. IT IS AN HONOR TO BE CONSIDERED FOR THIS POSITION. I WILL ANSWER ANY QUESTIONS YOU MAY HAVE AT THIS TIME. THANK YOU.

The CHAIRMAN. There are no witnesses, and the committee will stand in recess.

Mr. SANDERS. Thank you.

[Whereupon, at 10:34 a.m., the committee recessed, to reconvene at the call of the Chair.]

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